

BQDM QUARTERLY EXPENDITURES & PROGRAM REPORT

Third Quarter 2020

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Background & Executive Summary

On December 12, 2014, the New York Public Service Commission (“Commission”) issued its *Order Establishing Brooklyn/Queens Demand Management Program* (“Order”).¹ The Order directs Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) to submit quarterly reports to the Commission on its Brooklyn/Queens Demand Management (“BQDM”) “expenditures and program activity” including all relevant details such as project costs, project in-service dates, Monthly Adjustment Clause (“MAC”) recoveries, incremental costs incurred, operational savings, and other benefits. This BQDM quarterly report (“Report”) submitted by the Company covers expenditures and program activity for the third quarter of 2020.

In the Order, the Commission set a \$200 million budget for the BQDM program.² Since the BQDM Program’s inception, the Company expended an aggregate \$117.09 million, of which \$0.45 million was expended during the third quarter of 2020 (see Table 1).

BQDM program activities have been impacted in Q3 2020 by social distancing guidelines and executive orders issued by the State of New York in response to the COVID-19 pandemic.³ The Company anticipates that the BQDM program will continue to be impacted by such guidelines or orders during the remainder of 2020.

Table 1. BQDM Executive Summary of Demand Reduction, Expenditures, and Recoveries to Date

	Total Peak Demand Reduction (kW) to Date	Total Portfolio Expenditures to Date (\$M)	Total Funds Recovered to Date (\$M)
BQDM Program at Q3 2020	59,763	\$117.09	\$59.62

¹ Case 14-E-0302, *Petition of Consolidated Edison Company of New York, Inc. for Approval of Brooklyn Queens Demand Management Program*, Order Establishing Brooklyn/Queens Demand Management Program (issued and effective December 12, 2014).

² Prior to the Order, expenditures incurred to address reliability needs in the BQDM target area were recovered through the Targeted Demand Side Management (“TDSM”) program. Case 09-E-0115, *Proceeding on Motion of the Commission to Consider Demand Response Initiatives*, Order Adopting with Modifications a New Targeted Demand Side Management Program for Consolidated Edison Company of New York, Inc. (issued and effective June 1, 2011). In order to accurately reflect costs incurred to address the projected overload in the BQDM target area and to maintain a single set of accounting rules on all expenses related to the BQDM Program, charges incurred under the TDSM program that are related to the BQDM target area were reclassified to the BQDM Program, enabling the Company to collect all BQDM related charges incurred before or after the issuance of the Order as BQDM Program costs. At the time of the BQDM program creation, the remaining \$25 million budget of the TDSM program was included in the \$200 million BQDM program budget.

³See “Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak” (www.whitehouse.gov) (issued March 13, 2020); “30 Days to Slow the Spread” *The President’s Coronavirus Guidelines for America* (www.whitehouse.gov) (issued March 30, 2020); State of New York Executive Order No. 202.8 *Continuing Temporary Suspension and Modification of Laws Relating to the Disaster Emergency*. March 20, 2020. https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/EO_202.8.pdf and “New York State on PAUSE” Executive Order issued by New York Governor Andrew Cuomo (www.coronavirus.health.ny.gov) (effective March 22, 2020).

BQDM Report Table⁴

BQDM PORTFOLIO	2020			
	Quarter 3	Year-to-Date	Program-to-Date	Notes
FINANCIAL ACTIVITY (\$ M)				
[0] Expenditures				[0] See Appendix for additional detail on Expenditures
Customer-sided	\$ 0.40	\$ 1.67	\$ 93.84	
Utility-sided	\$ 0.05	\$ 0.59	\$ 23.25	
Total Expenditures	\$ 0.45	\$ 2.26	\$ 117.09	
Program Cost Recovery	\$ 1.49	\$ 4.46	\$ 59.62	
CUSTOMER-SIDED PROGRAM ACTIVITY				
Energy Efficiency				
[1] Residential Direct Install Peak Hour kW reduction	-	105	4,930	[1] To date, 34,600 participating residences and a cumulative energy savings of 4.49 GWh.
[2] Bring Your Own Thermostat Peak Hour kW reduction	18	49	369	
[3] Residential AC Peak Hour kW reduction	-	-	9	[3] This former pilot program is now being more fully integrated in the Company's EE portfolio
[4] Multi-Family Energy Efficiency Peak Hour kW reduction	49	177	7,161	[4] To date, more than 2,350 participating buildings have installed energy efficiency measures resulting in an annual energy savings of approximately 42.23 GWh.
[5] Small-Medium Businesses Adder Peak Hour kW reduction	211	365	12,397	[5] During Q3, the Company's third-party contractor completed a detailed evaluation of peak kW savings from its energy efficiency adder programs through Q4 2019. As a result of the evaluation, peak kW savings through year-end 2019 are revised downward [6] To date, 6,618 participating businesses resulting in annual energy savings of more than 146 GWh.
[6] Commercial & Industrial Peak Hour kW reduction	31	37	611	
[7] NYCHA Peak Hour kW reduction	-	-	2,293	
[8] DCAS Peak Hour kW reduction	39	102	294	
Distributed Generation				
[9] Fuel Cell Peak Hour kW reduction	-	-	6,100	
[10] Combined Heat & Power Peak Hour kW reduction	-	-	2,799	
Energy Storage				
[11] Peak Hour kW reduction	-	-	4,300	
Customer-Sided Portfolio kW reduction at Peak Hour	348	835	41,263	
UTILITY-SIDED SOLUTIONS				
Conservation Voltage Optimization (CVO)	-	-	17,000	[6] Adjusted to reflect performance of CVO in providing load relief.
Distributed Energy Storage System		1,500	1,500	[7] Adjusted to reflect dispatchable power utilized during previous summer period.
BQDM Total kW reduction at Peak Hour	348	2,335	59,763	

BQDM Narrative Update

Program Overview

The Company achieved nearly 60 MW of peak hour load relief via solutions installed through the end of the third quarter of 2020 as depicted in Figure 1 below.

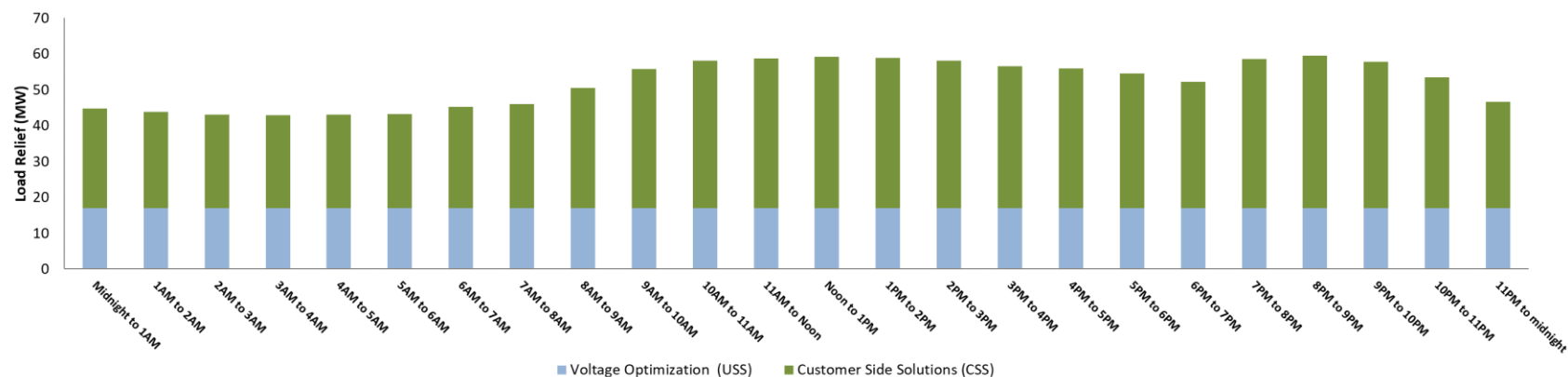


Figure 1: Hourly Load Profile of Operational BQDM Customer-Side Solutions and Non-Traditional Utility-Side Solutions. Note: A 2.0 MW utility-side battery energy storage system is not depicted in the load profile as its dispatch varies.

The Company continued to make progress installing energy efficiency measures through incentive adders (“Adders”) for energy efficiency upgrades in the residential, multi-family, commercial, and public building sectors. Implementation of distributed energy resources, such as fuel cells, combined heat and power (“CHP”), and energy storage continued to contribute toward the program’s load relief goals.

By the end of the third quarter of 2020, customer-sided load relief reached over 41 MW of measures operational at the peak 9-10 PM hour. The Company achieved this load relief through installation of efficiency and demand management measures at more than 6,600 small businesses, 2,350 multi-family buildings, and 34,600 homes and small 1-4 unit residence buildings.

The Company met its reliability needs using a combination of customer-side and non-traditional utility-side solutions and, via the BQDM program extension,⁵ continues to evaluate measures to provide additional load relief. Updates to the customer-side (i.e., energy efficiency,

⁴ Peak Hour kW Reduction for both energy efficiency and demand management programs and projects in the BQDM Report Table reflect estimated installed measures at the close of the third quarter 2020 based on the most current installed and operational savings. Verification for the full year of savings is completed annually at the end of the fourth quarter.

⁵ The Commission approved the Company’s petition to extend the BQDM Program beyond 2018 in Case 14-E-0302, *Order Extending Brooklyn/Queens Demand Management Program* (issued and effective July 13, 2017).

distributed generation, and energy storage) and non-traditional utility-side solutions (i.e., energy storage and conservation voltage optimization) are described in additional detail in the narrative below.

Financial Activity

The Commission authorized the Company to defer (over a 10 year period) and recover its BQDM-related costs through the MAC and a NYPA surcharge and further suggested that the Company propose in its next rate case to recover the balance of its unrecovered costs through base rates.⁶ As of January 16, 2020, in accordance with the Commission's approval of the Company's electric rate plan (the "Rate Plan"), BQDM expenditures have been recovered through base rates.⁷ As noted above, the Commission established a \$200 million budget for the BQDM program.

The Company currently anticipates that the total cost of BQDM measures will be under the \$200 million budget. Per the Order, the Company also developed a General Accounting Procedure ("GAP")⁸ for treatment of costs and collections associated with the BQDM Program and established internal billing accounts to manage program expenses.

No quantifiable operational savings⁹ in the electric sub-transmission and distribution system operations have yet been identified as a direct result of BQDM Program activities conducted in the third quarter of 2020 or earlier.

Program Activity

Customer-sided Solutions Overview: In the third quarter of 2020, the Company continued to incentivize customer-side energy efficiency, distributed generation, and energy storage technologies to reduce peak demand in the BQDM targeted area. Con Edison's energy efficiency programs targeting residential, multi-family, small business, commercial and industrial, and public agency customers continued to install measures at customer sites in the targeted area.

See Report Table above for demand reductions achieved to date by technology and program.

To the extent appropriate under the social distancing guidelines and executive orders issued in relation to the COVID-19 pandemic, Con Edison continues to engage local communities and conduct outreach to customers in the BQDM targeted area through a variety of meetings and events with public officials, community groups and local businesses, and through marketing efforts to keep eligible customers informed of current

⁶ Order, pp. 19-21.

⁷ Case-19-E-0065, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan (issued and effective January 16, 2020), p. 41 of Attachment A Joint Proposal.

⁸ The Company filed the GAP with the Commission on February 10, 2015. See <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={59F25E6A-7ABA-4D95-BBD2-F6142F90C798}>.

⁹ The Company defines "operational savings" as reductions in costs incurred or expected to be incurred by the Company for the operation of the electric sub-transmission and distribution system supporting the BQDM target area ("BQDM Area" or "BQDM Target Area" or "Target Area")⁹ due to the implementation of BQDM solutions.

program offerings and incentives. In Q3, 2020 the Multi-Family and the Small-Medium Business Adder programs began implementing enhanced incentives to drive additional project acquisition.

Non-Traditional Utility-side Solutions Overview: Non-traditional utility-side solutions continue operating in parallel to customer-sided DERs to collectively meet load reduction needs in the BQDM targeted area. Utility-side solutions include 17 MW of conservation voltage optimization (“CVO”) and 1.5 MW of energy storage systems for a total of 18.5 MW of load reductions. The utility-sided energy storage system became operational in the third quarter of 2019 and discharged in summer 2020 to provide additional load relief and provide grid support.

Appendix

Appendix A: Detailed BQDM Program Expenditures (\$M) for third quarter 2020 ¹⁰

Program/Projects	Q3 2020 Total	2020 BQDM	BQDM Total
<u>Customer-Side Solutions</u>			
Incentives	\$ 0.25	\$ 1.27	\$ 74.43
Program Implementation & Administration	\$ 0.07	\$ 0.35	\$ 6.04
Sales, Marketing, & Training	\$ 0.01	\$ (0.07)	\$ 3.14
Technology, Measurement and Verification (M&V), and Evaluation	\$ 0.06	\$ 0.12	\$ 9.39
Third-Party Oversight	\$ -	\$ -	\$ -
Market Research & Analytics	\$ -	\$ -	\$ 0.85
Total Customer-Side Solutions	\$ 0.40	\$ 1.67	\$ 93.84
<u>Utility-Side Solutions</u>			
Program Implementation & Administration	\$ 0.05	\$ 0.59	\$ 22.92
Technology, Measurement and Verification (M&V), and Evaluation	\$ (0.00)	\$ 0.01	\$ 0.33
Total Utility-Side Solutions	\$ 0.05	\$ 0.59	\$ 23.25
Total Customer-Side Solutions and Utility-Side Solutions	\$ 0.45	\$ 1.19	\$ 117.09

¹⁰ Expenditures shown in Appendix A include accruals and credits to the various BQDM programs, resulting in some activities reporting negative values for Q3 and 2020.